

**Meeting Summary**  
**Single Family Vacation Rentals on Kauai Meeting Series**

Meeting 2 – Drafting Possible Strategies  
Saturday, May 21, 2005, 2:00 p.m. – 5:00 p.m.  
Kauai Planning Commission Meeting Room

Lihue Civic Center, Moikeha Building, 4444 Rice Street, Room 2A and 2B

Stakeholder Group: Louie Abrams, Hilary Chandler, Ian Costa, Caren Diamond, David Helela, Lucy Kawaihalau, Cheryl Lovell Obatake, Koral McCarthy, Bruce Pleas, Barbara Robeson, Gary Smith, Leah Sausen, Joanne Watanabe and Council Member JoAnn Yukimura

Facilitation Team: Jen Graf and Elizabeth Kent

**Welcome and Review of Meeting Series**

Ian Costa, Planning Department Director, welcomed everyone to the meeting. The Stakeholder Group and facilitation team introduced themselves, and the Stakeholder Group accepted the meeting summary for the first meeting (April 8, 2005) of the Single Family Vacation Rental Series (posted at [www.kauaigov.com](http://www.kauaigov.com)). The ground rules were reviewed and the evaluations of the last meeting were shared.

**Updates Since Last Meeting**

Ian Costa, Planning Department Director, responded to Council Member Yukimura's memo regarding vacation rentals and clarified the following issues:

1. The definition of dwelling relates to structural design and function and is not a standard to regulate the duration of stay.
2. Relative to the residential district, the County Zoning Ordinance (CZO) standards are oriented towards the design of the dwelling rather than occupancy and the duration of stay.
3. The statement in the 1985 North Shore Development Plan that "all visitor accommodation resort units should be confined to the Princeville Resort area" is a goal and not a regulatory standard. The 2000 General Plan recognizes the need for alternate types of visitor accommodations and so may differ from the 1985 Plan.
4. Adult Family Boarding and Family Care Homes that comply with all rules, regulations and requirements are permitted outright if they do not adversely affect the neighborhood or community. The Kobayashi opinion states that there are no CZO standards for regulating a single family dwelling being used as a TVR.
5. The Planning Department would prefer that the County Attorney's Office respond to questions about the Kobayashi opinion.
6. Lands in agricultural districts are restricted.

Copies of the County Attorney's response to the issues raised in the memo from Council Member Yukimura were distributed (be posted at [www.kauaigov.com](http://www.kauaigov.com)).

Scott Ezer, Planning Department Consultant, summarized data his firm collected and made preliminary recommendations about regulating Single Family Transient Vacation Rentals. (This presentation was sent Planning Department to be posted at [www.kauaigov.com](http://www.kauaigov.com)).

### **Stakeholder Reflections**

The Stakeholder Group shared their thoughts on the first meeting including:

- need for enforcement in design/house planning
- need for access to Transient Accommodation Taxes (TAT) records
- grandfathering - how to decide what is in and out
- whether census data includes timeshares and the definition of timeshare
- definitions need to be clarified and consistent with state and federal rules
- with regards to enforcement, intent is not enough, there must be proof (need receipts)
- data should be used to address the future; need to look town by town; perhaps have a “percentage concentration” that applies equally to all towns; not sure if past can be “fixed”
- enforcement/proof could be put on vacation rental owner; need to tie proof to building permits; perhaps have undercover planning representative to check out claims; solutions require commitment from Planning Department
- look at data regarding residential home prices, seasonal trends from 1998-2005, and projected growth
- could amend the law to say that a sign is prima facie proof of the existence of a vacation rental and put the burden of proof on the owner
- ask the consultant for data about the incomes of new owners and growth in number of owners
- if we believe enforcement is hard we will compromise(which we should not do); we must have creative ways to address this problem (for example, five planning districts with elected boards and communities meeting in each district)
- with regard to enforcement, we need compliance with zoning laws and county codes, and to be certain proper rates are paid (sewage, trash)
- we need to be sure that registration per state law is occurring and that property taxes (commercial vs. residential) are being paid
- homes off ocean more likely to become affordable housing and are more economically viable for long term rentals
- we need a balance in the community -- limit short term rentals to a percentage of all units
- balance is key but existing units already tip balance; maybe not all units should be grandfathered
- need to identify ways for the public to react and help enforcement
- enforcement in design stages is key
- long term rentals should pay General Excise Tax and vacation rentals should pay rental TAT

### **Attendee's Reflections/Thoughts**

- Affordable housing is difficult in a tight market -- many homes are small and expensive
- Vacation rentals are disrupting community especially, for the younger generation
- Only 5% of vacation rentals are realistic long term rentals
- Many vacation rentals are maintained for personal use
- Over representation of realtors in this meeting
- Boils down to property owners' rights
- "Stakeholder" term does disservice to process
- Vacation rentals aren't just providing a service, they are running a business
- Need strict residential zoning to restrict all business in residential areas; community/residential areas must be upheld
- Without enforcement, zoning is a joke
- How many vacation rental owners are from here?
- There should not be a grandfather clause
- Molokai's people have been able to control island growth and maintain a balance; Molokai is an example for Kauai
- Most owners of vacation rentals are not local people
- Most public speak out only when it affects them
- Visitors will still come if vacation rentals are outlawed
- Vacation rentals won't displace families
- Definition of happiness begins with Jesus; market values will continue to escalate; problem is with Council allocation of affordable housing; some housing may need to be rezoned; and we should look to future economy and be ahead of it
- Affordable living must be factored in from the beginning; let's rezone agricultural land and provide the opportunity to buy it at under market value; why not require affordable living when giving permits to new developments?
- Not all visitors can stay in hotels; vacation rentals employ local businesses; visitors come to Kauai for aloha; Kauai is a place not a commodity; should allow grandfathering
- Support vacation rentals; the cost of living/owning property on Kauai must be addressed
- Enforcement on density regulations is important; County needs to reduce cost of living on Kauai; registration is important and we should work within the existing framework
- Tax Task Force last February suggested that those who live in homes pay lowest fees (taxes, etc); government works better with incentives and disincentives; honor previous task force's work
- The trends predicted five years ago came to pass due to the county's lack of attention; residents must be valued over tourists
- Concerned that children will not be able to afford living on Kauai; responsibility for this goes to government, realtors, and purchasers
- The issue is a "world" issue; vacation rentals will not likely become long term rentals; vacation rental businesses have met to discuss this

- Would like to see documentation of complaints against vacation rentals - what areas and why
- Affordable housing - four reasons the market is crazy: low interest rates, people are taking money out of stocks, older and wealthier citizens, people want a piece of paradise; this issue is being confused with vacation rentals

### **Stakeholder Group Discussion About Possible Strategies**

- Have over 300 signatures from concerned North Shore residents
- Balance in community should be addressed as priority, affordable housing is a separate issue
- Need a good public policy statement to precede a regulatory ordinance
- We should make changes to the County Zoning Ordinance and include good definitions
- We should use the existing permit process, especially in residential districts, and clarify when permits are required
- Balancing community well-being is the most important issue (we should separate visitor and residential areas); enforcement is the second priority; the third priority is solutions; the fourth priority is affordable housing (this issue should be separated from this discussion)
- Balance and community well being are the priority; should use a multifaceted approach; affordable housing issue will not be solved dealing with vacation rentals alone
- Part of affordable housing solution is that homes sold as “affordable” cannot later be resold at open market
- Complaints about vacation rentals were not systematically collected so we don’t have a solid basis for discussion
- Balance is most important; future problems will be bigger if we don’t resolve this now; should focus on vacation rentals outside Visitor Destination Area (VDA)
- Affordable housing is not the issue - character of neighborhood is; do we want all areas to be VDAs? Traditional residential areas are changed by vacation rentals; need a distinction between those who live on property and those who don’t; infrastructure is not up to par
- There is a big responsibility for vacation rental managers to explain to guests about how to interact in communities where vacation rentals are located
- We’ve had an escalation of resorts in sensitive areas
- There is a terrible crisis on island of fear and frustration; we need to simplify and make clean rules, and to define commercial
- The local spirit is threatened; it is becoming difficult to live with aloha; the impact on community character is important to consider
- We want to simplify and make existing ordinances clear; we need to preserve resources; we must define “residential” and “commercial,” resort areas should also be defined, enforcement needs to start; vacation rentals should pay hotel taxes; affordable housing is separate issue

### **Closing**

The facilitator observed that balance seems to be most pressing issue for the committee. She also thought that many committee members might agree that affordable housing could be separated from this conversation for the purpose of limiting the discussion and moving forward.

### **Next Meeting**

The next meeting is **Monday, May 23, 2005, 4:00 – 7:00 p.m.** at the **War Memorial Convention Hall Ballroom (4191 Hardy Street)**. This meeting will focus on next steps and solutions.